

ABSTRACT

An exchange member establishes a threshold credit value for transactions by a non-member institution. The threshold value is provided to a credit authorization service of the exchange, which acts as a surrogate for the exchange members. Securities transaction or orders from non-member institutions are then transmitted from the non-member institution to the credit authorization service of the exchange. The credit authorization service compares the transaction with a percentage of the pre-established threshold value. If the transaction does not exceed the percentage of the pre-established threshold, the system forwards the transaction to the exchange. If the transaction does exceed the percentage of the pre-established threshold, the system notifies the sponsoring exchange member and possibly the non-member institution. The percentage of the pre-established threshold may be less than or equal to 100 percent of the pre-established value. The exchange member has various opportunities to change the threshold value. The identity of the non-member institution and the identity of the exchange member may be removed or masked on the transaction.

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